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NPIC/TDS/D-831-67
5 May 1967

MEMORANDUM FOR: Director, National Photographic Interpretation Center

SUBJECT: Request for Overrun of [] from FY 1965 Funds for
Contract No. []

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1. In June 1965 NPIC contracted with the [] to design and fabricate two prototype Modulated-Light Film Viewers within a period of performance ending 22 December 1965 at a cost of [] plus a fee of []

25X1

2. In October 1965 arrangements were made with [] through prescribed contractual procedures, to increase the Scope of Work to include additional operational features costing [] with a corresponding increase in fee of [] and also to accommodate an anticipated overrun of [] thus changing the contract cost to [] and the fee to [] a total of []

25X1

3. At a meeting held at the contractor's facility on 8 February 1966 [] management representatives announced to the NPIC monitor that current costs were overrun to a level of approximately [] exclusive of fee, or roughly [] over the contract cost. This information was relayed to the contracting officer on the following day, but no immediate termination orders were given to the contractor due to the possibility that some satisfactory agreement might be attained. For the next three weeks attempts were made to negotiate a satisfactory cost/performance relationship with the contractor. No satisfactory solution was reached, and the contractor terminated work as of 1 March 1966.

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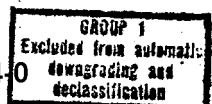
4. On 25 March 1966 the contracting officer instructed [] by letter to ship the equipment in its present state at a total cost including a fee of [] [] responded on 19 April 1966 by a letter stating that the contracting officer's offer was unacceptable and in turn proposed to deliver the equipment at a modified contract cost of [] a total of [] over the contract price.

25X1

5. Since neither of these offers was acceptable to both parties, several conferences were held in an attempt to resolve this dilemma. Procurement Division personnel made arrangements for these conferences and consistently maintained close coordination with the Technical Development Staff. After two unsuccessful attempts, a conference was held at [] on 11 April 1967 at which [] finally offered to settle at [] above the contract price.

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6. We believe that this figure represents an equitable settlement for both parties and, therefore, request that the overrun cost of [] bringing the final contract price to [] be approved and charged against FY 1965 funds. The Budget and Financial Branch has affirmed that sufficient FY 1965 funds are available to make this payment.

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[]
Colonel CYAF
Assistant for Technical Development, NPIC

Attachments: (1)
Memorandum for the Record
of the same subject

22 MAY 1967

APPROVED: []

ARTHUR C. LUNDALF

Director

National Photographic Interpretation Center

Date

Distribution:

Original - NPIC/SS/LB (After approval)

1 - NPIC/SS

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